

**MC READY JUNE 4, 2018**

**DIG DEEP GO PRO**



**MC READY**

Going **PRO**



[michiganconstruction.com/goingpro](http://michiganconstruction.com/goingpro)

# TODAY'S AGENDA

- 1) THINGS IN PLAY
- 2) TRANSITION TO OJL
- 3) TODAY'S LECTURE



# THINGS IN PLAY

DIG DEEP

 **LUNCH**

 **TOOLS**

 **EMPLOYMENT READY ?**

 **9 STEPS TO BUILDING YOUR CAREER**

- <https://www.mitalent.org/plan-a-job-search>

 **TOP TEN STEPS TO GETTING A JOB**

# ON-THE-JOB LEARNING (OJL)

Time to Go PRO!

## Start the transition...to OJL

MC READY Going PRO program starts with a 2-month Related Technical Instruction (RTI) boot camp making you job-site ready.

Followed by a paid On-the-Job Learning (OJL) experience with one of our sponsoring employers lasting up to 4-months.



# TODAY'S PROJECT HIGHLIGHT

Al Raha Beach, Abu Dhabi



# Review

- Civil Construction
- Commercial Construction
- Industrial Construction
- Institutional Construction
- Owner
- Architect
- Designers
- Contractor
- Subcontractor
- Vendor

# MICHIGAN CONSTRUCTION SECTORS



## **RESIDENTIAL**

The residential sector builds, remodels, and maintains the buildings where we all live. Approximately 50 percent of residential builders construct new homes or apartments. Remodeling, service, and maintenance comprise the remaining 50 percent of activity in this sector.



## **COMMERCIAL**

The commercial sector builds, remodels, and maintains the buildings where we work, learn, heal, and worship. Also known as nonresidential building construction, the commercial sector represents approximately one-third of overall construction spending on a national level.



## **INFRASTRUCTURE**

The infrastructure sector builds and maintains roads, bridges, water and sewer systems, and other critical public works. Infrastructure workers truly change the world by providing the essential services we humans rely on.



## **INDUSTRIAL**

The most specialized of the subsectors, industrial workers build complex buildings and facilities all around the globe. Power plants, chemical plants, and refineries are built by the industrial construction sector.

**NAME THAT SECTOR**








# INDUSTRY GROUPS

- The size and growth of the construction industry has resulted in the formation of numerous:
  - Trade Associations
  - Professional Societies
  - Institutes



# MICHIGAN'S 5 TOP TIER CONSTRUCTION ASSOCIATIONS

-  Associated General Contractors of Michigan (AGCMI)
-  Construction Association of Michigan (CAM)
-  Home Builders Association of Michigan (MAHB)
-  Michigan Infrastructure and Transportation Association (MITA)
-  Associated Builders and Contractors of Michigan (ABCMI)



# TOP TEN STEPS

To get a job!



# STEP 1

## The Resume'

- 3 Second Rule
- Clean Formatting
- Career Objective
- Qualifications
- Skills & Achievements
- Contact Information



 May need to customize.

 GOAL: To get the interview!!

## STEP 2

### The Cover Letter

- Refer to the position.
- Do not repeat resume'
- Make a connection.
- Express yourself.

 Specific for each application.

 **GOAL:** You are the answer to their prayers!



# STEP 3

## Applying for Position

- Follow all directions.
- Follow all directions.
- Follow all directions.
- Follow all directions.

## Complete all fi

## Write legibly.

## Allow enough t

## Key Words

## References



## STEP 4

### Research Company

- Website
  - News Releases
- Internet Search
- Linked In
- FaceBook
- Personal Connections
  - Referral Programs



**Walbridge**

# STEP 5

## Find the Opportunities

- [Indeed.com](https://www.indeed.com)
- Job Boards
  - [OCC](https://www.occ.edu)
  - Associations/Societies
- Networking
  - The Reluctant Networker
- People you know...
  - Friends
  - Family
  - Acquaintances





## STEP 6

### Follow up to submitted application.

- Follow directions.
- Leverage personal connection.
- Appropriate amount of time since submitted.
- Do not hound company.

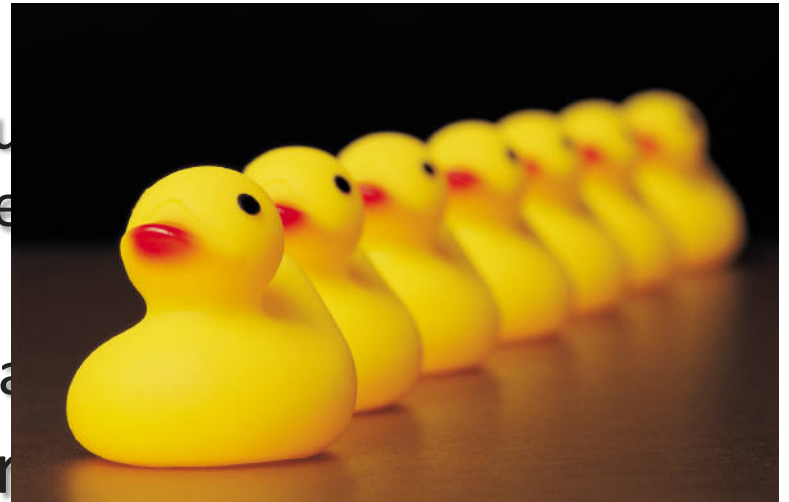


# STEP 7

## Prepare for Interview

- Allow time to relax before.
- Dress appropriately.
- Arrive on time.
  - 15 minutes early
- Have copies of resu
- Have copy of refer
- Have a portfolio.
- Have questions to a

## Informational Inter



## STEP 8

### Post-interview follow up.

- Hand written thank you cards to all interviewers
  - Get their cards.
- Email thank you to all interviewers.
- Thank you to anybody.

### Don't hound them.



THANK  
YOU

## Step 9

### Didn't get the job.

- There is a reason.
  - You
  - Them
  - Not right fit.
- Opens other opportunities
- Chance to network.
- Gain confidence.



# Step 10

## Prepare yourself!!

- Education
- Accreditations
- Professional Development
- Work Experience
- Self Study

## Be the Terminator.



***Lesson 4***  
***Contractual***  
***Arrangements and***  
***Contract Agreement***



# ***What are Contracts?***

- A formal agreement between the parties involved in the development, design and construction of a project.
  - Services each party will perform.
  - How each party will be compensated.
  - Several legally binding forms and documents.



# ***Standard Contracts***

- Various standard contracts for the types of construction contracts required for a project.
  - American Institute of Architects - **AIA**
  - Associated General Contractors - **AGC**
  - Construction Management Association of America - **CMAA**
  - National Society of Professional Engineers: Engineers Joint Contract Documents - **EJCDC**





# ***Fully Executed***

- Require signatures from all parties.
  - The signatures make the contracts legally enforceable.
  - The terms of the contracts and language should always be reviewed by each party's attorney.



# ***Verbal Contracts***

- Sometimes there are verbal contracts, however they are highly discouraged.
  - This is due to the fact the misunderstanding can occur between the parties.
    - “He said, she said” , who agreed to what.....

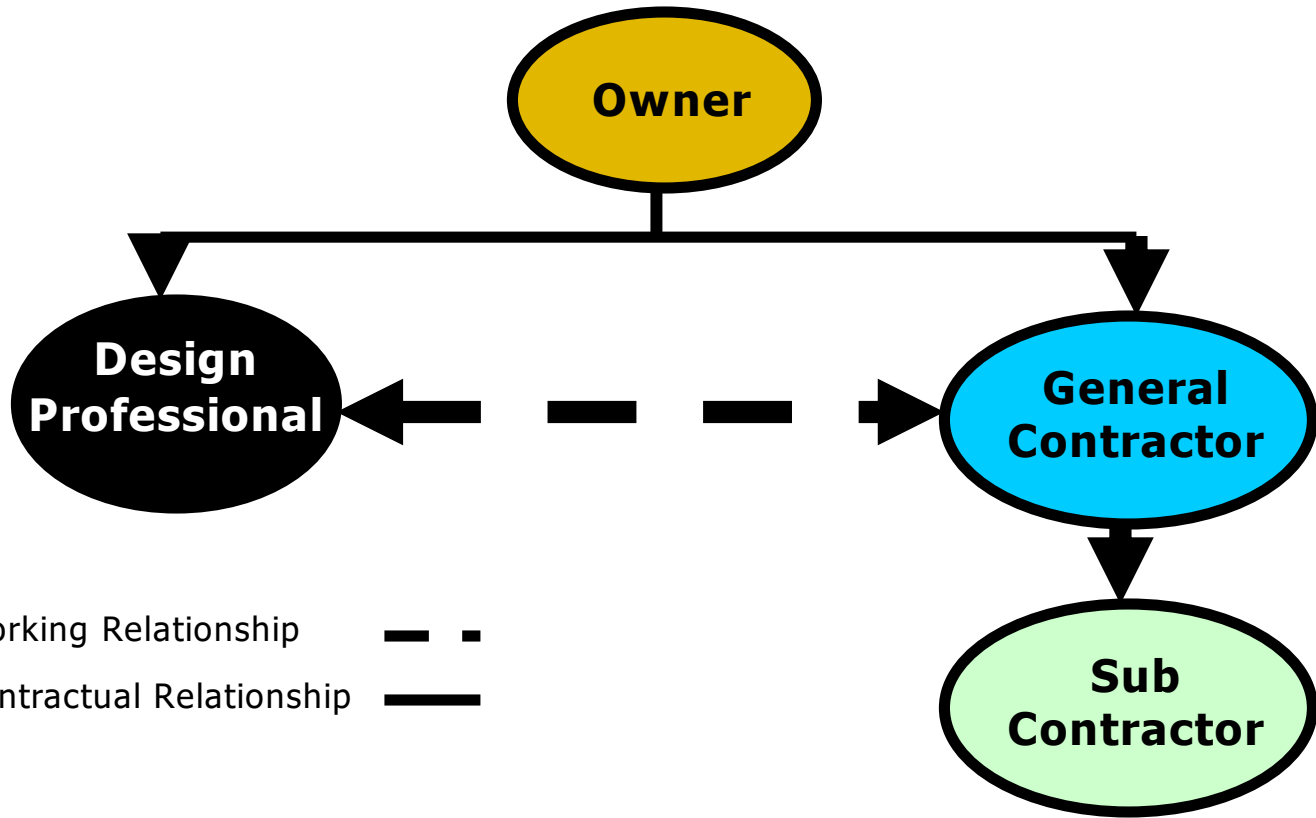


# ***Contractual Arrangements***

- There are many different types of contractual arrangements, however there are three key parties to any construction contract.
  1. Owner
  2. Design Professional
  3. Contractor



# Design-Bid-Build Contractual Agreement



# ***Design-Bid-Build Contractual Agreement***

- Specifics of the Contract Agreement
  - Owner selects the design professional to design the project and prepare the contract documents – drawings and specifications.
  - Once the documents are created, the owner uses the documents to obtain a competitive or negotiated bid from the contractor.
    - Contracts are between the owner and contractor (prime contractor).
    - Contracts are also between the contractor and the sub-contractors, suppliers and vendors.



# ***Design-Bid-Build Contractual Agreement***

- **Advantages:**
  - Owner deals with only one contractor.
- **Disadvantages:**
  - Adversarial relationship may develop between the design professional and the general contractor.
  - Owner has no contractual relationship with sub-contractors or suppliers.
  - The contractor does not have input into the design process.



# ***Design-Build Contractual Arrangement***



Contractual Relationship —

# ***Design-Build Contractual Arrangement***

- Design and construction are completed by the same entity.
- Allows for Fast-tracking.
- Contracts are between the owner and the design-build company or team.



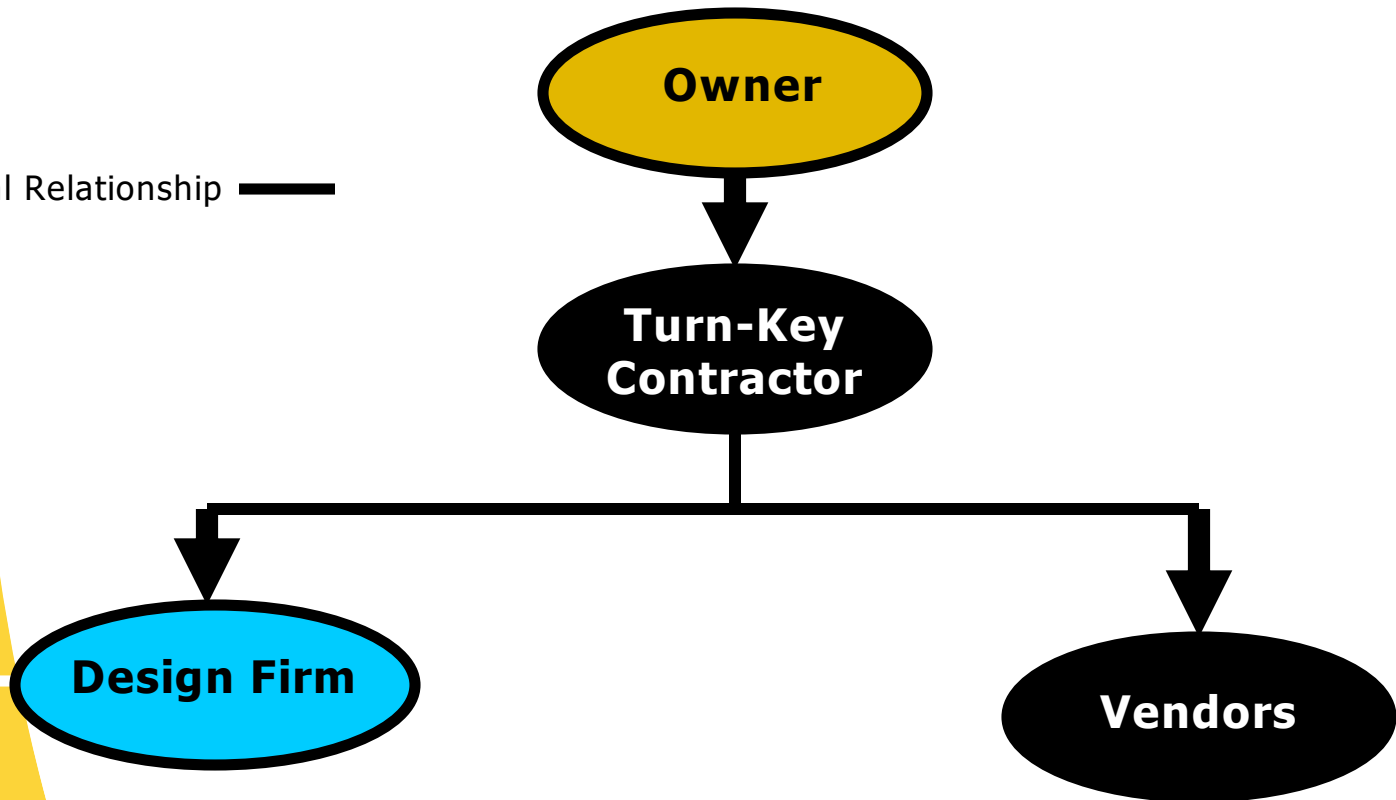


# ***Design-Build Contractual Arrangement***

- **Advantages:**
  - Project Fast Tracking
  - To avoid adversarial issues between the contractor and design professional
  - Better risk allocation and distribution.
  - Constructability during design.
  - Clear lines of communication between contractor and design professional.
- **Disadvantages:**
  - A possible biased relationship between the contractor and design professional.



# ***Turn-Key Contractual Arrangement***

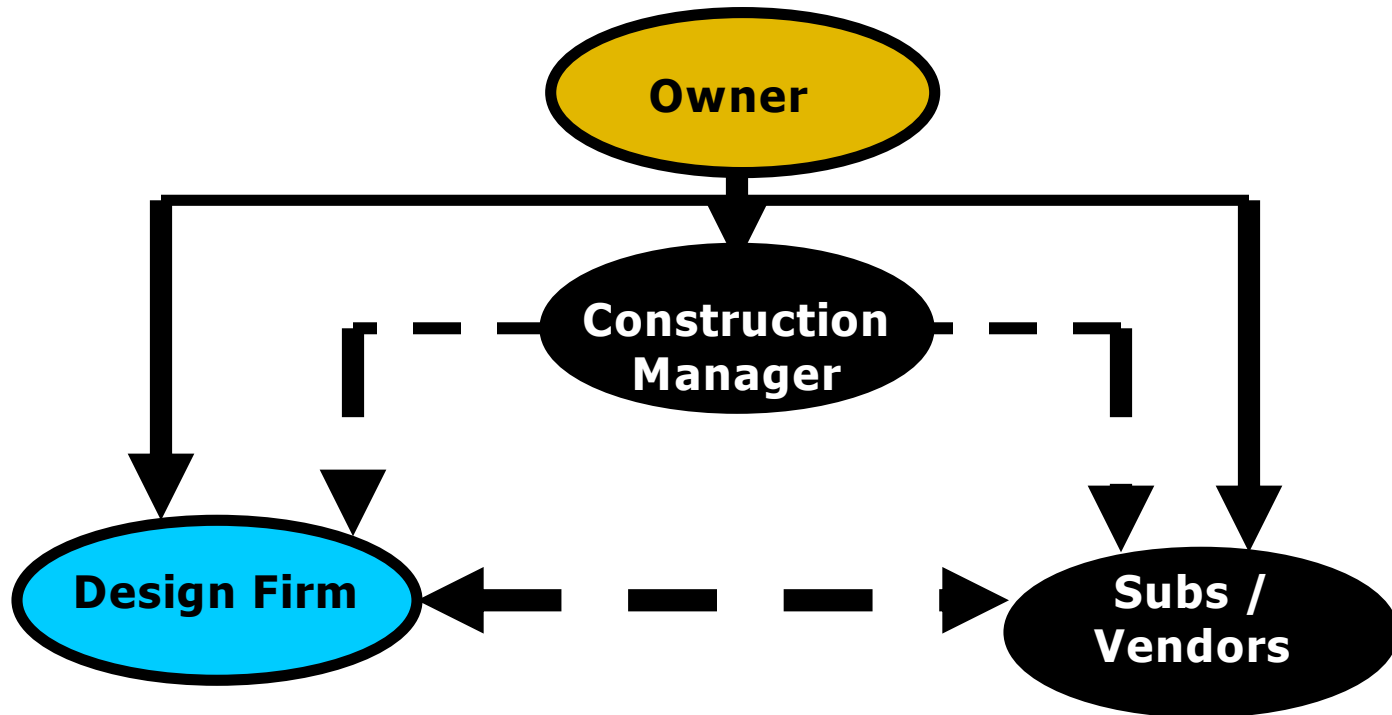


# ***Turn-Key Contractual Arrangement***

- Turn-Key contractual arrangement is similar to the Design-Build arrangement.
  - The major difference is that the GC is responsible for financing the project until it is completed.
  - The GC sometimes is responsible for locating a project site.
  - The GC is the owner until payment is rendered and keys to the building are exchanged.



# ***Construction Management Contractual Arrangement***



Working Relationship —  
Contractual Relationship —

# ***Construction Management Contractual Arrangement***

- CM is hired by the owner to coordinate the completion of a construction project.
- Constructability analysis throughout the design process.
  - Including the selection of the Design Professional.
- Integrate the project planning, design and construction phases of the project.
  - The construction can start prior to the design being finalized.
- CM enhances project communication.



# ***Construction Management Contractual Arrangement***

- CM responsibilities are enormous.
  - The success of the project depends on the CM ability to coordinate and direct the construction process.
  - Leadership of the project is established utilizing construction management.
- The project is constructed by hiring multiple prime contractors.
  - Each prime contractor signs a contract with the owner to perform its specific scope of work.
- CM firms may construct portions of the work – Self Perform
  - Is not the normal rule.



# COMPETITIVE BIDDING



# *Out for Bid*

- Competitive Bidding is the more traditional contractual arrangement where the Owner selects the contractor through a process of:
  - Where the design professional completes the construction documents (drawings and specifications) , which become the Bidding Documents.
  - The owner reviews and approves the BD's.
  - The project is then advertised (put out for bid) in several medias.
    - Dodge Room, CAM Plan Room, AGC, etc.





# ***Contractor Qualifications***

- Owners may be require Contractors to pre-qualify.
- Pre-qualifications are based upon the contractors:
  - Financial stability
  - Experience
  - Other selected Owner requirements.
- A selected Bidder List is when only certain contractors are allowed to bid on a project.
  - This is known as a Closed Bid.



# ***Contractors Respond***

- Contractors start assembling bids/estimates.
  - The contractors are given a time period to review the construction documents so they can complete their bid.



# ***Assembling the Bid***

- **Step 1:** Quantity take off of the building materials.
- **Step 2:** Set prices to the material quantities, including labor and equipment costs associated with each material.
- **Step 3:** The contractor contacts subcontractors and suppliers to obtain costs and proposals for each material required.
- **Step 4:** Add in the contractor's overhead and profit to the final project price.



# ***Submitting the Bid***

- Bids typically are due at a specific location, on a specific date and time.
- Sealed or Open
  - **Public** agencies are required by law to solicit open competitive bid proposals.
  - **Private** Owners solicit closed bid proposals



# ***Awarding the Bid***

- The proposal cost is compared to the budget cost estimate that was prepared by the design professional.
  - If the proposal cost is reasonable, a construction contract is then issued to that contractor.
- Proposals are opened and the lowest responsible bid is determined.
- Lowest Responsible Bidders are those who meet all of the bid requirements and have completed the necessary documents correctly.



# *Renegotiate*

- Bids higher than budget?
  - They can consult with the low bidder to identify cost-saving measures to bring the project back in line with the budget.
  - The owner may have the project re-designed or limits the scope of work.
  - The owner can cancel the project entirely.



# ***Negotiated Bidding***

- An alternate to competitive bidding is **negotiated bidding**.
  - The owner can negotiate with one or more contractors to build a project.
  - The owner contracts with contractors based upon:
    - Past performance
    - Safety record
    - Experience
    - Reputation
    - Past contractual relationships.



# ***Negotiated Bidding***

- The negotiated project reduces the overall project duration.
  - This can be done without completed construction documents.
  - The owner will interview the contractors and select one contractor that they will negotiate the final cost and award a contract.
- An advantage to this type of bidding is the contractor may start the work without final construction drawings and specifications.
  - The disadvantage to this there may be delays and cost overruns.
- Owners typically chose the lowest bid.





# THE ACTUAL CONTRACT



# ***Contract or Agreement***

- State the completion date and payment terms of the contract.
- The most common forms of contracts are:
  - Unit Price
  - Lump Sum
  - Cost-Plus Fee
- The types of contracts are based on the following:
  - Type of project
  - Project schedule
  - Accuracy of the drawings or specifications



# ***Unit Prices***

- Quantity of work cannot be accurately predicted at the time of bid or negotiation.
- Design professionals are estimating the quantity.
- The owner does not know the total cost of the project until completion.



# ***Lump Sum***

- A **lump sum** or **stipulated sum** agreement is used in competitive bid projects.
  - This contract is only suitable when the nature of the work required and quantities needed can be accurately determined at the time of bid or negotiation.
  - The contractor is obligated to complete the work for the price given, no matter what problems arise during construction.
  - The contractor is only relieved from the contract through contract clauses that provide for changes, changed conditions or unusual circumstances.



# ***Cost Plus Fee***

- **Cost-Plus Fee** agreement is when the contractor is paid for all costs associated with construction of the projects **plus** an agreed-upon fee to cover the contractor's overhead expenses and profit.
  - These are typically used with negotiated contracts.
  - The total cost of the project is not known until the work is completed.



# ***Percentage Fee***

- The **percentage fee** is a percentage of the total cost of the project.
  - The fee percentage is determined **before** construction begins.
  - The total fee amount is determined **after** the project is completed.



# ***Fixed Fee***

- The **fixed fee** is a prescribed sum of money to be paid for the services of the contractor.
  - It is to the contractor's advantage to complete the work as quickly as possible so that the overhead costs will be kept to a minimum.



# ***Fixed Fee with a Guaranteed Maximum Price***

- **The Fixed Fee with a GMP**
  - The contractor guarantees the owner that the total cost will not exceed a set amount of funds.
  - The costs exceeding the guaranteed maximum price must be paid by the contractor.





# ***Sliding Scale Fee***

- The sliding scale fee is based on certain ranges of the project cost.
  - The fee amount varies with the cost of the work.
  - Example:
    - The contractor may receive a fee of 10 percent of the project cost up to \$100,000.00
    - A fee of 5 percent for the next \$100,000.00.
    - A fee of 2 percent for the remaining project cost.



***Questions?***





# **MICHIGAN CONSTRUCTION**

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